

1 **BEFORE**
2 **THE PUBLIC SERVICE COMMISSION**
3 **OF SOUTH CAROLINA**

4 In the Matter of the Application of)
5 iNetworks Group, Inc., for a Certificate of) **Docket No. 2009-164-C**
6 Service Authority to provide Basic Resold)
7 Local and Interexchange Telecommunications)
8 Services in the State of South Carolina)

9 **DIRECT TESTIMONY OF RAYMOND L. COWLEY**

10 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

11 A. My name is Raymond L. Cowley. I can be reached at iNetworks Group, Inc. 125 S.
12 Wacker Drive, Suite 2510, Chicago, Illinois 60606.

13 **Q. WHAT IS YOUR POSITION WITH THE APPLICANT?**

14 A. I am the Senior Vice President and General Manager of iNetworks Group, Inc.
15 (hereinafter "iNetworks" or "Applicant").

16 **Q. WHAT ARE YOUR PRINCIPAL RESPONSIBILITIES WITH INETWORKS?**

17 A. I am responsible for the overall operation of the company.

18 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

19 A. I am offering testimony in support of iNetworks' Application for a certificate to provide
20 basic resold local exchange and Interexchange telecommunications service throughout the State of
21 South Carolina. iNetworks proposes to provide basic resold local exchange service and
22 Interexchange toll service on both a reseller basis, as well as provide non-licensed and unregulated
23 telecommunications services on a competitive basis.

1 **Q. PLEASE SUMMARIZE THE MAIN SUBJECT AREAS ADDRESSED IN YOUR**
2 **TESTIMONY.**

3 A. My testimony focuses on the following areas of concern to the Public Service
4 Commission of South Carolina ("Commission"):

5 a. description of iNetworks' technical, managerial, and financial qualifications to provide
6 telecommunications services in South Carolina;

7 b. a demonstration of iNetworks' position and current business opportunities with
8 some major Government agencies and iNetworks future business plans for increasing voice
9 products;

10 c. a description of the general types of services that iNetworks proposes to offer in the
11 State of South Carolina;

12 d. the benefits to the public and the industry of the general types of services iNetworks proposes
13 to offer in South Carolina and,

14 e. an explanation of iNetworks' compliance with applicable regulations pertaining to primary
15 basic resold local exchange and Interexchange service.

16 **Q. CAN YOU PLEASE DESCRIBE THE APPLICANT'S GENERAL**
17 **QUALIFICATIONS?**

18 A. iNetworks is an Illinois Corporation authorized to transact business in the State of South
19 Carolina as a foreign Corporation. A copy of iNetworks' Articles of Incorporation and
20 Certificate of Authority to Transact Business or Conduct Affairs in South Carolina are attached as
21 Exhibits A and B to the application.

22 Current business and network plans for iNetworks call for market entry via resold local
23 exchange carrier facilities, and to provide basic local exchange services by purchasing Unbundled

1 Network Elements, or equivalents thereof, from the incumbent local exchange carriers
2 ("incumbent carriers"). If customer demand warrants, iNetworks will provide basic local exchange
3 services via the installation of its own local switching platform and utilize a combination of self
4 and third party provided network elements (e.g., interoffice transport, unbundled loops).

5 **Q. IS INETWORKS AUTHORIZED TO PROVIDE SERVICES IN ANY OTHER**
6 **JURISDICTIONS?**

7 A. iNetworks is currently authorized to provide regulated telecommunications service in
8 several jurisdictions as outlined in Exhibit A attached hereto. Applicant has not been denied
9 authority for any of the services for which it seeks authority in this Application.

10 **Q. PLEASE DESCRIBE MANAGERIAL AND TECHNICAL QUALIFICATIONS.**

11 A. iNetworks possesses the requisite managerial qualifications to provide its proposed local
12 exchange telecommunications services. iNetworks has assembled an outstanding team of
13 experienced managers and support staff. Descriptions of the telecommunications and
14 managerial experience of key personnel, who have extensive management, and technical
15 experience, are attached as Exhibit C to the application. iNetworks' management personnel are
16 well-qualified to execute its business plan, and iNetworks has extensive financial capabilities as
17 described in Exhibit D attached to the application.

18 **Q. IN YOUR OPINION, DOES INETWORKS POSSESS SUFFICIENT**
19 **MANAGERIAL AND TECHNICAL RESOURCES AND QUALIFICATIONS TO**
20 **PROVIDE ALL OF THE SERVICES REQUESTED IN ITS APPLICATION AND TO**
21 **PROVIDE LOCAL EXCHANGE SERVICES?**

22 A. Yes. The senior management of iNetworks has great depth in the telecommunications

1 industry and offers extensive technical and managerial expertise to iNetworks pertaining to the
2 telecommunications business.

3 **Q. PLEASE OUTLINE APPLICANT'S FINANCIAL QUALIFICATIONS.**

4 A. iNetworks is financially qualified to possess a license to provide resold basic local
5 exchange and Interexchange services. In particular, iNetworks has access to the financing and
6 capital necessary to conduct its telecommunications operations as specified in this Application.
7 iNetworks has the financial support necessary to procure, install and operate facilities on a resold
8 basis and to hire and train the personnel necessary to operate those facilities. iNetworks' financial
9 strength and ability to offer the above services is demonstrated in iNetworks' Balance Sheet as of
10 December 31, 2007, and its January through December 2007 Profit and Loss Statement as well as
11 Profit and Loss Statements for January to June 2008, copies of which are found in Exhibit D to the
12 application. Because iNetworks is a privately held company, iNetworks requests that its financial
13 statements be treated as confidential and has filed them under seal.

14 **Q. IN YOUR OPINION, DOES INETWORKS HAVE ADEQUATE ACCESS TO**
15 **THE CAPITAL NECESSARY TO PROVIDE THE PROPOSED LOCAL EXCHANGE**
16 **SERVICES?**

17 A. Yes, it does.

18 **Q. DOES INETWORKS' APPLICATION AND PROPOSED TARIFF CONTAIN AN**
19 **ACCURATE DESCRIPTION OF THE TYPES OF SERVICES THAT IT WILL OFFER?**

20 A. Yes. The Application accurately describes the types of services that iNetworks plans to
21 offer in South Carolina. iNetworks plans to provide resold basic local exchange and exchange
22 access services. These services include, but will not be limited to: Basic local exchange services
23 (local exchange flat rate, measured rate service, operator access); Primary basic local exchange

1 service; Basic business exchange services; Business and residential ancillary services (9-1-1,
2 E-9-1-1, 4-1-1, relay service, directory listing, directory assistance, etc.); Centrex; ISDN;
3 Assignment of new numbers; Number portability; AIN provided features; DID trunks and lines;
4 and Interfaces to local exchange carriers' switches. In addition to the services listed above,
5 iNetworks, through interconnection with other carriers, will offer dual-party relay services,
6 directory assistance and toll-free calling. iNetworks may also offer non-regulated
7 telecommunications services, such as Internet Access.

8 **Q. WHAT FACILITIES WILL INETWORKS USE TO PROVIDE THE PROPOSED**
9 **TELECOMMUNICATIONS SERVICES?**

10 A. iNetworks plans to provide basic resold local exchange services through resold facilities
11 from existing carriers.

12 **Q. WHO WILL BE PROVIDING LOCAL EXCHANGE ACCESS TO SERVICES**
13 **TYPICALLY SUPPLIED BY INCUMBENT CARRIERS?**

14 A. Local exchange provision of service including Directory Assistance and Operator
15 Services will be provisioned through arrangements with the incumbent carrier, AT&T.

16 **Q. WILL INETWORKS HANDLE 9-1-1 EMERGENCY TELECOMMUNICATIONS**
17 **SERVICE TRAFFIC IN THE AFFECTED AREAS PURSUANT TO PSC**
18 **REGULATIONS?**

19 A. Yes. iNetworks will negotiate arrangements with the incumbent carriers to route the
20 traffic through the incumbent carriers' existing tandem switches serving each Public Safety
21 Answering Point ("PSAP"). If iNetworks implements its own facilities, iNetworks will route
22 9-1-1 traffic through the local switches so that the traffic is routed in the same manner as the
23 incumbent carriers' 9-1-1 traffic. iNetworks intends to comply with all the applicable South

1 Carolina laws and regulations. Moreover, Automatic Number Identification ("ANI") and
2 Automatic Line Information ("ALI") will be routed along with the call. Also, iNetworks will be
3 able to route 9-1-1 traffic to one or more PSAP through direct trunks that iNetworks plans to
4 install. Overall, 9-1-1 traffic will be routed and will meet all Commission requirements. All
5 customers will receive the same delivery of ANI and ALI, and the design of the 9-1-1 system
6 standards that exist in the incumbent carrier's systems. Finally, iNetworks
7 intends to develop procedures to secure the accurate transition of collection and disbursement of
8 9-1 -1 surcharges and network changes that are transparent.

9 **Q. WILL INETWORKS PROVIDE BASIC LOCAL EXCHANGE AND TOLL**
10 **SERVICES IN KEEPING WITH THE COMMISSION'S RULES?**

11 A. Yes. iNetworks, in compliance with the Commission's Rules, as a provider of resold
12 basic local exchange service, will offer additional services to its customers including ancillary
13 services, through agreements with the underlying carrier. These services will include services for
14 the deaf, hard of hearing, and speech-impaired and intraNPA directory assistance service.

15 **Q. WHEN DOES INETWORKS PLAN TO OFFER REGULATED BASIC LOCAL**
16 **EXCHANGE SERVICE?**

17 A. Before iNetworks can offer regulated basic local exchange service in the State of South
18 Carolina, several important developments must occur. Among these developments are: the
19 issuance of authority by the Public Service Commission of South Carolina; successful negotiation
20 of interconnection agreements with the incumbent carriers; successful completion of the
21 installation of any facilities iNetworks needs to offer regulated basic local exchange service in the
22 State; and the completion and filing of a final tariff with the Commission for regulated basic local
23 exchange service. Each of these activities may be subject to delay and difficulties beyond the

1 control of iNetworks.

2 **Q. IF EACH OF THESE PREREQUISITES WERE TO BE COMPLETED IN A**
3 **TIMELY FASHION, WITHOUT DELAY, WHEN WOULD INETWORKS COMMENCE**
4 **OFFERING REGULATED BASIC LOCAL EXCHANGE SERVICE?**

5 A. It is iNetworks' intention to offer regulated basic local exchange service in South
6 Carolina within one-year of the Commission's issuance of authority to iNetworks.

7 **Q. IS INETWORKS SEEKING FLEXIBLE REGULATION OF LOCAL SERVICES**
8 **AND ALTERNATIVE REGULATION OF INTEREXCHANGE SERVICES?**

9 A. Yes. Applicant respectfully requests that its local service offerings be regulated in
10 accordance with procedures authorized for NewSouth Communication in Order No. 98-165 in
11 Docket No. 97-467-C. Additionally, Applicant respectfully requests that its interexchange service
12 offerings be regulated in accordance with procedures established for alternative regulation in
13 Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

14 **Q. IS INETWORKS SEEKING WAIVERS OF CERTAIN REGULATORY**
15 **REQUIREMENTS?**

16 A. Yes. First, iNetworks respectfully requests that it be exempt from any record-keeping
17 rules or regulations that might require a carrier to maintain its financial records in conformance
18 with the Uniform System of Accounts ("USOA"). As a competitive carrier, iNetworks maintains
19 its book of accounts in accordance with Generally Accepted Accounting Principles ("GAAP").
20 Because, iNetworks utilizes GAAP, the Commission will have a reliable means by which to
21 evaluate iNetworks' operations. Therefore, iNetworks hereby respectfully requests to be exempt
22 from any USOA requirements of the Commission. Having to maintain records pertaining
23 specifically to its South Carolina local service operations would place an extreme burden on

1 iNetworks. iNetworks will make its books and records available at all times to the Commission
2 and Office of Regulatory Staff for their review. Accordingly, the Applicant hereby respectfully
3 requests a waiver of 26 S.C. Code Ann. Regs. 103-610, which requires books and records to be
4 kept in the State of South Carolina, but rather, the Applicant, desires to keep its books and records
5 at its principal place of business.

6 **Q IS INETWORKS REQUESTING A WAIVER OF THE REQUIREMENTS THAT**
7 **IT PUBLISH LOCAL EXCHANGE DIRECTORIES?**

8 A. Yes. Given the nature of its services, Applicant respectfully requests a waiver of the
9 requirement in Rule 103-631 to publish and distribute local exchange directories.

10 **Q. IS INETWORKS REQUESTING A WAIVER OF ANY REQUIREMENT THAT IT**
11 **MAINTAIN MAPS OF ITS SERVICE TERRITORY?**

12 A. Yes. Applicant's local exchange calling areas will initially mirror the service areas of the
13 incumbent local exchange carriers; therefore, Applicant hereby respectfully requests a waiver of
14 the map-filing requirement pursuant to 26 S.C. Code Ann. Regs. 103-612.2.3 and 26 S.C. Code
15 Ann. Regs. 103-631 requiring publication of directories.

16 **Q. IS INETWORKS' APPLICATION CONSISTENT WITH SERVING THE PUBIC**
17 **INTEREST IN THE PROVISION OF TELECOMMUNICATIONS CUSTOMERS?**

18 A. Absolutely. The Commission's granting of this license is in the public interest because
19 residential and business consumers of telecommunications services in the incumbent carriers'
20 service territory will receive increased choice, improved quality of service, and heightened
21 opportunities to obtain improved technology in the homes and businesses. Market incentives for
22 new and old telecommunications providers in South Carolina will be improved greatly through an
23 increase in the diversity of suppliers and competition within the local exchange

1 telecommunications market. Consistent with the Commission's intent to aid in the development of
2 a competitive telecommunications environment in South Carolina, the granting of a certificate of
3 authority to provide local exchange service will offer increased efficiency to the State's
4 telecommunications infrastructure through greater reliability of services and an increase in
5 competitive choices. These points are highlighted in iNetworks' Application in this case.

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 **A. Yes it does.**

EXHIBIT A

	Data (No Voice)	Competitive Local	Interexchange
STATE			
AL	Deregulated	In Process	In Process
AK	In Process	In Process	In Process
AZ	Pending	Pending	Pending
AR	Deregulated	Pending	Pending
CA	Active	Active	Active
CO	Active	Active	Active
CT	Pending	Pending	Pending
DC	Deregulated	Active	Active
FL	Deregulated	Active	Active
GA	Active	Active	Active
HI	Pending	Pending	Pending
ID	Pending	Pending	Pending
IL	Active	Active	Active
IN	Active	Active	Active
IA	Active	Active	Active
KS	Deregulated	Pending	Active
KY	Active	Active	Active
LA	Pending	Pending	Pending
ME	Active	Pending	Pending
MD	Deregulated	Pending	Pending
MA	Active	Active	Active
MI	Deregulated	Active	Active
MN	Active	Pending	Active
MS	Pending	Pending	Pending
MO	Active	Pending	Pending
MT	Active	Active	Active
NE	Active	Active	Active
NV	Active	Active	Active
NH	Active	Active	Active
NJ	Active	Active	Active
NM	Active	Active	Active
NY	Active	Active	Active
NC	Active	Active	Active
ND	Active	Active	Active
OH	Active	Active	Active
OK	Pending	Pending	Pending
OR	Active	Active	Active
RI	Active	Active	Active
SD	Active	Active	Active
TX	Active	In Process	In Process
UT	Deregulated	In Process	In Process
VT	Active	Active	Active
VA	Active	Pending	Pending
WA	Active	Active	Active
WV	Pending	Pending	Pending
WI	Active	Active	Active
WY	Active	Active	Active
Active: Certification received			
Pending: Requirements are met, awaiting final order or Compliance Tariff Filing			
In Process: Currently filing documents for Authority			
Deregulated: State does not require certification for Data only activity			

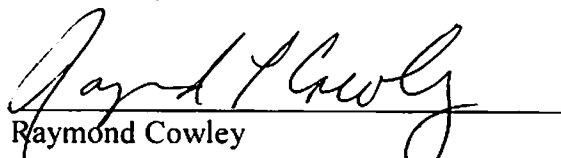
STATE OF ILLINOIS

)
)
)
)
)

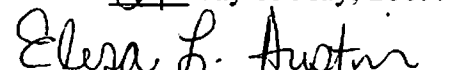
COUNTY OF COOK

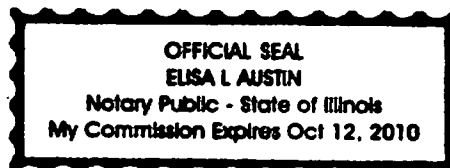
AFFIDAVIT

I, Raymond Cowley, being duly sworn upon his oath, depose and so hereby state that I am the Senior Vice President and General Manger of iNetworks Group, Inc., the Applicant, and that I have read the foregoing testimony by me and know the contents thereof, which testimony was filed in support of iNetworks Group, inc. Application for a Certificate of Public Convenience and Necessity to provide 'Basic Resold Local and Interexchange Telecommunications Services and Alternative 'Regulation of its Interexchange Service offerings throughout. the State of South Carolina; that said contents are true in substance and in fact, except as to matters stated upon information and belief, and as to those, I believe the same to be true.


Raymond Cowley
Senior VP and General Manager

Sworn to and subscribed before me
On this 24th day of May, 2009.


Notary Public



My Commission Expires: October 12, 2010

